

OIL AND GAS INVESTMENT BOARD MINUTES OF APRIL 25, 2014

The City of Manistee Oil and Gas Investment Board held a regular meeting on Friday, April 25, 2014 at 12 p.m. in the Second Floor Conference Room, City Hall, 70 Maple Street, Manistee, Michigan 49660. Meeting was called to order by Chair Colleen Kenny.

MEMBERS PRESENT: Colleen Kenny, Doug Parkes, Ed Bradford, Steve Brower, Catherine Zaring

MEMBERS ABSENT: Mitch Deisch

OTHERS PRESENT: City Attorney George Saylor

OLD BUSINESS

None.

NEW BUSINESS

Minutes - Minutes from the January 17, 2014 meeting were reviewed. **MOTION** by Doug Parkes, second by Catherine Zaring to accept the minutes and place them on file. All in favor - motion carried.

Amend Loan to Marina Fund – The Oil and Gas Fund has an outstanding loan to the Municipal Marina in the amount of \$274,481.68 at 2% annual interest. The Marina has been unable to meet its obligations on this loan. The Board was asked to approve a change to the amortization schedule and authorize interest only payments in fiscal years 2013-2014 and 2014-2015. Board discussed the need to aggressively market the marina, the need to document this internal loan, and whether the interest rate was appropriate.

MOTION by Doug Parkes, second by Steve Brower, to authorize an interest only payment by the Municipal Marina for its outstanding loan from the Oil and Gas Fund in fiscal year 2013-2014 and 2014-2015; authorize updating the amortization schedule to reflect this; document this internal loan through a memorandum of understanding to be prepared by the City Attorney between the City and the Oil and Gas Board; and review interest rates again in five years. All in favor – motion carried.

Investment Advisor Update and Commentary – Woody Uible participated via phone to present the Investment Updates as of March 31, 2014. Information in the report includes Market Outlook, Comparison of Indices, Stock Earnings Yield Versus Bond Yield, Asset Allocation, Fixed Income Characteristics, Equity Sector Allocation, and Portfolio Performance. Questions

and comments by board members were responded to. First time this fund has gone over the 10 million dollar mark at the end of a quarter.

Oil and Gas Spending Rule Sensitivity Analysis. Finance Director Ed Bradford presented a Spending Rule Sensitivity Analysis that showed four hypothetical market situations and their impacts should this fund experience a significant downturn. This review shows that the smoothing effect of the twelve quarter moving average, the excellent portfolio performance over the last five years, and the reasonable spending percentage has set the City up for a relatively stable source of income for years to come. The one caveat noted was the analysis did not include tapping the excess earnings in the fund for other purposes as this would significantly impact the fund. Questions and comments by board members were responded to by the Finance Director and discussion included coverage of current obligations and legalities surrounding requests to use funds.

Chair Colleen Kenny left the meeting at 12:50 p.m., Vice-Chair Ed Bradford assumed the role of Chair.

COMMUNICATIONS

None.

PUBLIC COMMENTS

None.

ADJOURNMENT / NEXT MEETING

Next regular meeting is scheduled for Friday, July 25, 2014 at 12 p.m. in the Second Floor Conference Room, City Hall.

Motion to adjourn by Doug Parks, second by Steve Brower at 1:03 p.m.

Cynthia Lokovich, CAP-OM
Recording Secretary

- c. Manistee City Council
Board Members
Mitch Deisch, City Manager
George Saylor, City Attorney